Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 HELSIN 02898 01 OF 02 161603Z

53
ACTION EUR-06

INFO OCT-01 ISO-00 PER-05 FS-01 ABF-01 EURE-00 SSO-00

DRC-01 RSC-01 /016 W
---------- 014308
O 161517Z NOV 73
FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC IMMEDIATE 6933

LIMITED OFFICIAL USE SECTION 1 OF 2 HELSINKI 2898

FOR EUR/EX

E.O. 11652: N/A
TAGS: AFSP FI
SUBJ: LOCAL EMPLOYEE SALARY INTERIM INCREASE

REF: STATE 224014

1. SPOT CHECK PROCEDURE AS SET OUT IN LECH NOT POSSIBLE BECAUSE LAST FULL SCALE WAGE SURVEY (1966) NOT ON FILE. SUBSEQUENT INCREASES HAVE BEEN JUSTIFIED IN VARIOUS WAYS--PARTIAL WAGE SURVEY DATA COLLECTION, LABOR MARKET SETTLEMENTS, ETC. EMBASSY ACCEPTS PER/PCE/RPM/LP CRITICISMS, AND WILL CONDUCT FULL REVISEDWAGE SURVEY. AS BUREAU NOTES IN REFTEL THIS INVOLVES A SIGNIFICANT AMOUNT OF WORK, AND POST IS AT THE MOMENT OPERATING WITHOUT EITHER ADMIN OFFICER OR GSO. PENDING REVISED WAGE SURVEY, HOWEVER, POST FEELS THAT A 20 PERCENT INTERIM WAGE INCREASE IS ESSENTIAL IN VIEW OF THE FACT THAT EMBASSY PAY SCHEDULE HAS BEEN LAGGING SERIOUSLY BEHIND LOCAL ECONOMY RATES AND SITUATION HAS NOW BECOME CRITICAL, WITH LOCAL EMPLOYEES RESIGNING IN INCREASING NUMBERS.

2. WE OFFER THE FOLLOWING AS JUSTIFICATION: WAGES AND SALARIES IN FINLAND ARE GENERALLY ESTABLISHED BY COLLECTIVE BARGAINING AGREEMENTS ON A BROAD BASIS--
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HELSIN 02898 01 OF 02 161603Z

USUALLY COUNTRY-WIDE BY SECTOR--AND RUN FROM MARCH

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

THROUGH APRIL. IN APRIL OF 1972 FINNISH EMPLOYEES RECEIVED AN INCREASE IN WAGES WHICH THE EMBASSY USED AS A BASIS FOR RECOMMENDING A 10 PERCENT FSL SALARY INCREASE, TAKING INTO ACCOUNT COMPARABILITY OF SECTORS. WE WERE NOT ABLE TO IMPLEMENT THIS INCREASE UNTIL OCTOBER OF 1972.

3. IN APRIL OF 1973, WAGES THROUGHOUT FINLAND WERE INCREASED AGAIN BY AMOUNTS THAT VARIED FROM SECTOR TO SECTOR, AND INCLUDED BOTH A PERCENTAGE INCREASE PLUS AN INCREASE IN "VACATION BONUS"--A LUMP SUM PAYED TO THE EMPLOYEE ON HIS RETURN TO WORK WHICH IS CALCULATED AS A PERCENTAGE OF THE SALARY HE RECEIVED DURING HIS VACATION.

4. A RECENTLY COMPLETED STUDY CONDUCTED BY THE FINNISH CENTRAL ASSOCIATION OF TRADE UNIONS SURVEYS THE LABOR MARKET BY SECTOR AND LISTS THE INCREASES AS: (A) PERCENTAGE OF BASIC PAY INCREASE, AND (B) PERCENTAGE OF INCREASE COUNTING EXTRA VACATION BONUS. (IT WENT FROM 10 PERCENT TO 20 PERCENT OF THE BASE PERIOD.) THE SURVEY SHOWS THAT THE NEGOTIATED INCREASES OF 9-10 PERCENT (NOT COUNTING VACATION BONUSES) DID NOT HOLD, AND THAT IN FACT THE HIGH COMPETITION FOR LABOR HAD DRIVEN UP THE WAGE INCREASES FOR THE PERIOD 4/1/73 - 3/31/74 TO SIGNIFICANTLY HIGHER RATES. IN SOME SECTORS, THE TOTAL INCREASE (INCLUDING BONUS) WAS 17-19 PERCENT OVER THE PERVIOUS YEAR'S RATE. (THE LOWEST RATE OF INCREASE WAS 10.8 PERCENT IN THE GLASS INDUSTRY.)

5. WAGE SCALES FOR MUNICIPALAND COUNTY EMPLOYEES ARE USEFUL AS A COMPARISON TO EMBASSY WAGE SCALES BECAUSE THEY OFFER A SPREAD AND ARE BROKEN DOWN FURTHER BY TYPE OF WORKERS. THE INCREASES FOR MUNICIPAL AND COUNTY EMPLOYEES FOR THE PERIOD IN QUESTION ARE:

WORKERS PAID HOURLY	17.8 - 19.8 PERCENT
SALARIED EMPLOYEES	12.7 - 13.2 PERCENT
WORKERS PAID MONTHLY	13.1 - 13.6 PERCENT

EMPLOYEES OF THE NATIONAL GOVERNMENT HAD SIGNED AN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 HELSIN 02898 01 OF 02 161603Z

AGREEMENT FOR AN INCREASE OF 10.75 PERCENT BUT HAVE JUST BEEN GRANTED A RETROACTIVE INCREASE OF 3.8 PERCENT FOR A TOTAL OF 14.05 PERCENT. THE AVERAGE RISE IN PAY FOR INDUSTRIAL WORKERS WAS 12.3 PERCENT AND FOR COMMERCE 17.5 PERCENT. THESE FIGURES ALL INCLUDE VACATION BONUS INCREASE, BUT MAY BE CONSERVATIVE BECAUSE:

(A) AS THE CENTRAL ASSOCIATION OF FINNISH LABOR

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

UNIONS POINTS OUT, MEMBER UNIONS ARE RELUCTANT TO PROVIDE INFORMATION REFLECTING HIGHER THAN AVERAGE INCREASES, AND

(B) THE FIGURE COVERS FINLAND AS A WHOLE--WAGES IN HELSINKI ARE HIGHER THAN THE NATIONAL AVERAGE.

ON THE BASIS OF THE FOREGOING, WE FEEL THAT A GROUP OF EMPLOYEES COMPARABLE TO EMBASSY FSLE'S WOULD HAVE RECEIVED AN INCREASE OF ABOUT 14 PERCENT IN APRIL 1973.

6. HOWEVER, WE STILL BELIEVE THAT AN INCREASE OF 20 PERCENT IS FULLY JUSTIFIED AT THIS TIME BECAUSE OF A CONTINUING TENDENCY FOR EMBASSY SALARIES TO LAG BEHIND THE LOCAL ECONOMY. THIS CAN BE DEMONSTRATED BY USING AN INDEX WHERE MARCH 1972 EQUALS 100.

MARCH 1972 - 100

	COMPARABLE LOCAL WORKERS	EMBASSY INDEX
APRIL-SEPTEMBER 1972	110	100
OCTOBER 1972-MARCH 1973	110	110
APRIL 1973-NOVEMBER 1973	125.4 (110 PLUS 14 PERCENT OF 110)	110

A COMPARISON OF THESE TWO RATES PROPERLY WEIGHTED OVER TIME SHOW THAT THE FSLE EARNED A TOTAL OF 7.9 PERCENT LESS THAN HIS COUNTERPARTS IN OTHER SECTORS OVER THIS PERIOD, OR CONVERSELY, THAT THE FSLE SHOULD HAVE EARNED ABOUT 8.5 PERCENT MORE THAN HE DID IN ORDER TO HAVE COME OUT EVEN.

7. WE DO NOT ATTEMPT TO JUSTIFY A WAGE INCREASE ON THE BASIS OF RETROACTIVITY -- FOR AN FSLE TO RECOVER THE LOST GROUND FROM MARCH 1972 TO MARCH 1974 IN THE FOUR REMAINING MONTHS WOULD REQUIRE RAISING THE INDEX FROM

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 HELSIN 02898 01 OF 02 161603Z

110 TO 154, AN INCREASE OF 40 PERCENT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 HELSIN 02898 02 OF 02 161610Z

50

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

ACTION EUR-06

INFO OCT-01 ISO-00 EURE-00 PER-05 FS-01 ABF-01 SSO-00

DRC-01 RSC-01 /016 W
---------- 014377
O 161517Z NOV 73
FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC IMMEDIATE 6934

LIMITED OFFICIAL USE SECTION 2 OF 2 HELSINKI 2898

8. THE PROPOSED 20 PERCENT INCREASE INCLUDES 14 PERCENT DESIGNED TO BRING OUR SALARY LEVEL UP TO PAR WITH WHAT THE INCREASE WAS IN APRIL 1973 AND TO ELIMINATE SOME OF THE EFFECT OF HAVING LAGGED BEHIND OVER TIME, SINCE THE DATA COLLECTED FOR OUR RECENT WAGE SURVEY INDICATE THAT THE DIFFERENCE IS SOMETHING LIKE 20 PERCENT AS OF NOW -- AND THAT BY INFERENCE THERE WAS ALREADY A DISPARITY IN RATES PRECEDING MARCH 1972. IN ANY CASE, THERE WILL BE A NEW WAGE INCREASE IN FINLAND (YET TO BE NEGOTIATED) THAT WILL COME INTO FORCE AS OF APRIL 1974. IF AT THAT TIME THE EMBASSY PAY RATES HAVE CONTINUED TO LAG VERY FAR BEHIND THE LOCAL RATES, AND SHOW SIGNS OF CONTINUING TO LAG THROUGH THE SUMMER AND INTO THE FALL AS THEY HAVE DONE IN THE PAST, WE CAN EXPECT TO RUN INTO MAJOR PROBLEMS IN HIRING AND KEEPING PEOPLE.

9. WE PROPOSE ALSO THAT OUR REVISED WAGE SURVEY BE TIED IN WITH THE NEXT AGREEMENT - WHICH WILL UNDOUBTEDLY RAISE WAGES BY MORE THAN 6 PERCENT -- AT WHICH TIME IT WOULD BE POSSIBLE TO OVERHAUL THE EMPLOYEE COMPENSATION SCHEDULE TO ELIMINATE DESCREPANCIES IN COMPARABILITY BOTH INTERNALLY AND IN RELATION TO OUR COMPETITORS ON THE LABOR MARKET, WITHOUT REQUIRING AS LARGE A JUMP IN THE GENERAL LEVEL AS WOULD OTHERWISE BE THE CASE.
KREHBIEL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HELSIN 02898 02 OF 02 161610Z

LIMITED OFFICIAL USE

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973HELSIN02898
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731129/aaaaavkt.tel
Line Count: 215
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 224014
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 13 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Sep-2001 by freemaal>; APPROVED <01-Nov-2001 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LOCAL EMPLOYEE SALARY INTERIM INCREASE
TAGS: AFSP, FI
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005